

# **CHAPTER 2**

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Resource Management in the Maintenance Program requires effective coordination among the many participants in implementing program policies. This chapter outlines and describes the individual resource management responsibilities within the Maintenance Program. It also attempts to provide an overview of the necessary steps an individual must follow to ensure effective management of resources.

Another purpose of this chapter is to provide information on how the management of Maintenance resources affects or is affected by other activities within the Department.

The Maintenance Management System (MMS) is described in detail in the Maintenance Manual, Volume 2. The Maintenance Management System is the framework in which Maintenance resources are managed. This system is composed of a group of interrelated management tools designed to provide a basis for planning, scheduling, operating, and controlling the State's highway maintenance effort with economy and effectiveness. The use of MMS places continuing emphasis on the economic utilization of labor, equipment, and materials available to each District Division Chief of Maintenance, Maintenance Manager, Superintendent, and Supervisor.

## **2.00      Roles and Responsibilities**

This section provides general information regarding the responsibilities of key participants in the administration resource for maintenance of State highways. Specific details are noted throughout this chapter.

### **(A)    Maintenance Program Manager**

The Maintenance Program Manager has overall function responsibility for the Maintenance Program, statewide. Specific resource management responsibilities include:

- (1)    Developing and/or updating the Maintenance Program Business Plan, Program Evaluation Criteria and Budget Change Proposals.
- (2)    Establishing Level of Service goals consistent with available resources.
- (3)    Developing justification for and maintaining documentation of program resource needs.
- (4)    Determining Maintenance Program resource allocations among the districts.

- (5) Evaluating program effectiveness and redirecting program resources as necessary to optimize the maintenance and preservation of the highways.
- (6) Working with the Budgets Program on budget policy.
- (7) Presenting and justifying Maintenance Program resource needs to the Business Transportation & Housing Agency, Department of Finance and Legislative Analyst Office.
- (8) Establishing Program goals and objectives within authorized resources.

**(B) Maintenance Program Office Chiefs**

Each Maintenance Program Office Chief has overall responsibility for the maintenance families assigned to their office. Specific resource management responsibilities include:

- (1) Recommending maintenance goals, objectives and family funding levels for which the Office Chief is responsible that will allow the Maintenance Program to achieve the goals of the current Business Plan.
- (2) Make recommendations regarding the optimal allocation of resources between Districts.
- (3) Review the District's work plans, spending plans and Level of Service (LOS) contracts.
- (4) Provide ongoing consultation to the Program Manager and Districts.
- (5) Evaluate the District and program wide performance against the business plans, goals, and objectives and provide recommendations for changes necessary to meet the agreed upon goals and objectives.

**(C) District Division Chief of Maintenance**

The District Division Chiefs of Maintenance responsibilities for resource management include:

- (1) Reviewing the Maintenance Program business plan, LOS contract, and resource allocation and updating the district plan to achieve the expected goals and objectives within the budgeted resources.

- (2) Allocating personnel service dollars, PY (personnel years), and OE (operating expenses) including contracting resources within the District/Regions and reviewing regional work plans to assure conformance with district and program goals and objectives.
- (3) Reviewing and approving region work plans.
- (4) Evaluating equipment availability for impact on District work plans.
- (5) Planning for efficient utilization of equipment.
- (6) Managing staffing levels within approved maintenance staffing plans and goals.

Requesting Program Manager approval for hiring within restricted classes.

- (7) Managing, monitoring, and evaluating work plan progress, LOS, resource utilization, and taking corrective actions as necessary to attain goals and objectives.
- (8) Keeping Program Manager apprised of progress and resource utilization and communicate needs for changes in resources and/or changes in work outcomes.
- (9) Scheduling and coordinating District maintenance work to be done by contract.
- (10) Evaluating production, LOS, and expenditures compared to work plan and reallocating resources or requesting a change in resources to meet the work plan.

**(D) Maintenance Program District Liaisons**

Each Maintenance Program District Liaison, has the following specific resource management responsibilities for their assigned sub-programs:

- (1) Recommending and defining levels of service.
- (2) Recommending Maintenance Program targets for each District per approved budget.
- (3) Reviewing District's annual work plans, business plans and spending plans.
- (4) Evaluating District's performance in meeting established levels of service for each program.

- (5) Monitoring District's spending plan and recommending approval, rejection, or revision to the District Division Chief and proposed corrective actions to the Office Chief and Program Manager.
- (6) Conducting field reviews to evaluate levels of service, use of proper methods and materials, and conformance with Maintenance Program policies and procedures.

## **2.01 Budgeting Funds**

All State agencies, including the Business Transportation & Housing Agency (BT&H), are required annually to prepare and submit to the Governor a proposed budget for their respective Departments. As a component of the BT&H Agency, the Department of Transportation includes, as part of its proposed budget, the portion of the budget that is to be funded from the State Highway Account in the State Transportation Fund. (The "State Highway Fund" is continued in existence as the State Highway Account in the State Transportation Fund. Any reference in any law or regulation to the State Highway Fund shall be deemed to refer to the State Highway Account in the State Transportation Fund.)

The State Highway Account portion of the proposed budget is combined with other budgeted resources to form the Department's proposed budget submitted by the Governor to the Legislature.

Early in the budget development process, the Department informs the California Transportation Commission of pertinent assumptions and policy directions it intends to use in preparing the budget. The Commission reviews the assumptions and policy directions as well as performance measures used in preparing the budget and forwards its comments and recommendations to the Department for consideration.

There are currently five Programs in Caltrans' Budget: 10- Aeronautics; 20- Highways; 30- Mass Transportation; 40- Planning; 50- Administration. The State Highway Account portion of the proposed budget is organized on a program basis under the following highways program elements:

<u>Program Element</u>	<u>Budget Code</u>
Capitol Outlay Support	20.10
Capitol Outlay Projects	20.20
Local Assistance Support	20.30
Project Development	20.40
Operation	20.70
Maintenance	20.80
Equipment Services	20.90 (pseudo program 60)

### 2.01.1 Annual Budget Development

The Department's, annual budget is prepared by the Budgets Program based on budget recommendations by Program Managers. The proposed budget must be approved by the Director of the California Department of Transportation and the Secretary of the Business Transportation and Housing Agency before it is forwarded to the Department of Finance for inclusion in the Governor's Budget.

The Maintenance budget by which expenditures are monitored in the Maintenance Management Systems (MMS) consists of three parts: Labor, Equipment and Materials. Personal Service Dollars, PYS and OE are monitored through the TRAMS Budget database. Although material and equipment usage, are included in MMS expenditures, the Equipment Program is a separate element of the Department's budget.

After the budget is approved by the Legislature and signed by the Governor, the funds are allocated by Budgets to each Program element. The Program Manager then allocates program resources to District Maintenance Divisions. Each District Maintenance Division should sub-allocate resources to the "area" level. Annual work plans and resource contracts are developed based on allocated resource levels. Maintenance expenditures will be monitored against the program's allocation to ensure compliance with legislative direction.

### 2.01.2 Budget Control

The Maintenance Program budget allocation and the resulting annual work plan represent maintenance activities, expenditures and services approved by the Department, Agency and the Legislature. These requirements, activities and services are translated into resources (Personal Service Dollars, PYS and Operating Expense Dollars) based on approved workload standards used in the budget development process.

Resource expenditures will be compared to the approved spending plan and District Contracts to monitor performance. Each District is expected to deliver their program within the allocated resource level. However, District Maintenance Management has the flexibility to move resources between Maintenance components when necessary to achieve delivery.

Monitoring the budget is required to ensure that the Maintenance Program is managed and implemented as directed by the Legislature. Field monitoring by Headquarters Maintenance is also used to assure that Maintenance resources are expended according to policies, guidelines and approved spending plans.

### 2.01.3 Roles and Responsibilities in Budget Development

Although the Budgets Program Manager is responsible for developing and managing the Department wide budget, there are several key players involved in the budget development process. The matrix that follows illustrates their responsibilities.

BUDGET DEVELOPMENT	RESPONSIBLE PARTY
Evaluate budget resources against overall Departmental and Program objectives and policies (levels of service)	Maintenance Program Office Chiefs
Determine and define levels of service, correlate with the Maintenance Business Plan	Maintenance Program Manager or Office Chiefs
Develop and facilitate Base Budget Proposal Process	Maintenance/Budgets
Allocate Budget Act and Non-Budget Act appropriations to all Caltrans programs in Governor's Budget	Budget Program
Develop Districts' annual work plans (based on allocations)	District Division Chiefs
Review of Districts' annual work plans	Maintenance Program District Liaisons

Figure 2-1: Roles and Responsibilities

## 2.02 Expenditure Control Accounts

Expenditures should not exceed that allocated for each program component. If proposed expenditures will exceed the current District Maintenance allocation and adjustments cannot be made between Maintenance components to cover the expenditures, a proposed allocation change request should be submitted for approval to the Program Manager. The request should include the planned expenditure level, why it cannot be accommodated within the District's Maintenance budget, an explanation of the workload that will not be accomplished without the adjustment and the consequences of not performing this work and any proposed resolution.

Table 2-1 lists the relationships between Caltrans Program Sub-components, the MMS Families, and the Transportation Accounting Management System (TRAMS) expenditure authorization.



Caltrans Program Components - MMS Families--Expenditure Authorization

<b>MMS Family</b>	<b>Program Code Title</b>	<b>Expenditure Authorizations</b>
20.80.0 10.0 10 A	Flexible Pavement	5AX000
20.80.010.020 B	Rigid Pavement	5BX000
20.80.020.030 C	Slopes/Drainage/ Vegetation	5CX000
20.80.020.040 D	Litter and Debris	5DX000
20.80.020.050 E	Landscaping	5EX000
20.80.020.070 G	Public Facilities	5GX000
20.80.030.080 H	Bridges	5HX000
20.80.030. 100 J	Other Structures	5JX000
20.80.040.110 K	Electrical	5KX000
20.80.040.130 M	Traffic Guidance	5MX000
20.80.050.200T	Management and Support	5TX000
.80.050.230 W	Training/Field Auxiliary Service	5WX000
20.80.060.180 R	Snow/Ice Control	5RX000
20.80.060.190 S	Storm Maintenance	5SX000

Figure 2-2: Caltrans Program Components--MMS Families--Expenditure Authorization

The targets for MMS Family expenditures may vary slightly from the budget allocation to the District after final budget approval, but are considered sufficiently accurate for annual work load planning. Work plan adjustments will be required only when the difference is significant.

#### 2.02.1 Monitoring

Each month the District Division Chief of Maintenance will review the expenditures to date and compare these to the spending plan to date. Based on this, work schedules should be adjusted as conditions permit to accomplish the approved spending plan.

It is essential that the District does not overrun their annual Maintenance HM (20.80) component (HM-1, HM-2, HM-3, HM-4, HM-5, and HM-6) resource allocations. MMS Family Y (Work for Others) resources cannot be used for HM Program work. They can be used for only non-maintenance funded work. It is just as important not to leave "money on the table" or resources unspent.

If, for any reason, allocated resources cannot be fully expended, the Program Manager must be notified of any resources which will not be utilized for the purpose they were allocated so consideration can be given to redirecting the resources to the Program's advantage. If projections based on expenditures and planned workload indicate that any allocated resource level will be exceeded before the end of the fiscal year, immediate corrective action should be taken by the District to get back on target.

Districts shall not overrun their annual Maintenance HM (20.80) component (HM-1, HM-2, HM-3, HM-4, HM-5, and HM-6) PY allocation. Increased resource needs are to be reviewed by the Program Manager. No action shall be taken that would result in an allocation overrun without the Program Manager's written approval. When appropriate, the Maintenance Program Manager will obtain approval for budget deviations from the Budgets Program Manager.

Program allocation formulas are reviewed annually. Work load which cannot be accommodated at the agreed LOS with current allocation levels should be brought to the Program Manager's attention for policy review and possible future revision to the activity's Level Of Service (LOS).

If the District decides to change the approved annual spending plan for any maintenance component, the District must notify the Liaison of the change in resource level (increase or decrease). Notification must include which maintenance components the resources will be transferred to and from, and describe the effect of the change(s) on Maintenance quality (levels) in each of the involved maintenance components.

Changes to the Maintenance Program's annual budget allocation must be reviewed and approved by the Budgets Program Manager, who will also determine if legislative concurrence is required.

#### **2.02.2 Budget Allocation Adjustments**

If a Budget Allocation Adjustment need is identified, the District Division Chief should consult with the District Budget Officer. The Budget Officer can recommend options, and offer guidance regarding current budget policies and procedures.

#### **2.02.3 Requests for Specific Expenditure Authorization**

Requests for specific work other than major maintenance are submitted on an expenditure authorization form (FA 47). These requests should clearly describe the work proposed, its location, and cost. The following data should also be included to ensure uniformity and facilitate review.

- (A) Post mile to post mile limits.

- (B) The work described in sufficient detail to permit a clear understanding of what is intended.
- (C) Reference to any Specific Budget Change Proposal.
- (D) Reference to applicable Standard Specifications or Maintenance Manual by section and paragraph. Describe special requirements in specification form.
- (E) Estimate of quantities and costs of the various items of work to be performed should, when possible, be set up in accordance with the pay unit basis indicated in the Standard Specifications.

When it is determined that no further expenditures will be made against the expenditure authorization it should be closed by informing the District project control officer.

#### **2.02.4      Damage Repairs**

Repair of damage to State property (except State owned employee housing) will be charged to the appropriate Maintenance family and problem using the damage report number as a special designation when the cost does not exceed \$25,000.

Repair work costing more than \$25,000 will be reported to a specific expenditure authorization.

Requests for expenditure authorizations to repair such damages will include all pertinent information such as the damage claim number, the damaging party (if known), location and extent of damage.

### **2.03      Limitations and Use of Funds**

Following are particular restrictions to the expenditure of allotted funds. These items will be subject to Maintenance Program or Engineering Service Center (ESC) review.

- (A) Projects for repair and painting of bridges and tunnels (Families H & J) that are estimated to exceed \$42,000 at any one location are to be submitted to the Chief, Office of Structures Maintenance, ESC for review and approval.

- (B) Major Maintenance is defined as any planned surface treatment or base repair estimated to cost \$24,000 or more, for a specific project or of several projects if they are adjacent and scheduled for the same treatment. These projects will be submitted to the Maintenance Program Manager, for review by October 1<sup>st</sup> preceding the fiscal year in which the work is to be performed. Major Maintenance may be done by State forces or by contract. Personnel years and dollars for Major Maintenance are included in the District's approved HM Program budget.
- (C) Preliminary engineering and construction engineering will be charged to the appropriate maintenance expenditure authorization (5XX000 EA) on Minor Contracts that are financed from Maintenance funds.
- (D) On contracts over \$42,000, financed from Maintenance funds, preliminary engineering and construction engineering will be charged to a multiphase expenditure authorization (EA). Prior to starting the preliminary engineering, a phase 1EA must be submitted by the District in accordance with the Coding Manual.
- (E) When the contract is awarded, a phase 3 construction engineering and a phase 4 contract EA will be issued by Headquarters. Phase 1 of projects financed from Maintenance funds, are category of expenditure 06 1, and phase 3 of projects are category 063.
- (F) Reimbursed Work for Other Agencies--" 926 " Authorizations
- (G) Accommodation work may be performed for individuals, firms, or political subdivisions of the State. When the project includes reimbursement to the Department, the agreement must require a deposit in advance of performance sufficient to cover the reimbursed costs including overhead assessments.

The existing signals and lighting billing procedures currently allow the Department to bill in areas and will be subject to the advance requirement.

Work for a city or county may be arranged by cash deposit, special agreement, or purchase order. Work for other State agencies is usually authorized by execution of Form 13A, Interagency Service Agreement.

These agreements constitute contracts entered into by the Department of Transportation and the other agencies and, as such, must be rigidly adhered to as to amount, type and extent of work to be performed, time limits, etc. No deviation from the terms of an Interagency Agreement is permitted without the approval of the contracting agency and the Department of Finance.

- (H) Projects for restoration, major rehabilitation or improvement to existing Maintenance station facilities, including Cal/OSHA safety improvements to buildings, are not financed from Maintenance (HM) funds. They are included in HA- 1Lands, Buildings, and Facilities Improvements. Likewise, the maintenance and repair of State-owned employee housing is included in HM-5 (20.80.050 Program).

#### **2.04 Work for Others (Programs and Agencies)**

Work for Others is defined as any work performed under specific requests and authorizations by other offices; e.g., Traffic, Construction, Right-of-Way, Equipment, and others within the Department of Transportation. In addition, work for others includes work for other agencies such as the Department of Parks and Recreation, and State Institutions.

Refer to Volume 2 of the Maintenance Manual, Family Y, for a detailed description of planning, scheduling, and administration of activities contained in this section.

##### **(A) State Park Roads**

It is Caltrans policy to require the Department of Parks and Recreation to finance all work on roads in State parks, which are under their jurisdiction. While such work is not financed from State Highway Funds, it may be performed by our forces under authority of an annual Interagency Service Agreement (Standard Form 13A) and a covering general ledger 926 Expenditure Authorization. The work to be performed must conform to that authorized in the Interagency Agreement and is to be restricted to the locations specified therein. Work is not to be undertaken without written request from the local Park Superintendent. Such requests will not require advance approval by Headquarters Maintenance Program. Agreements should be written specifying that routine patrol and surveillance activities are to be performed by the Department of Parks and Recreation. Written requests from the Park Superintendent should then outline the desired work and specify the expenditure authorized for it.

Such authorized expenditures are not to be exceeded without prior approval by the Local Park Agency. Also, the overall expenditure must not exceed funds allotted under the 926 Expenditure Authorization. Every effort should be made to expedite billings to the Department of Parks and Recreation to permit them to reallocate unexpended balances to other needed work.

(B) Minor Improvement and Betterment Work

Minor improvement or betterment work, while frequently performed by maintenance forces, is under the control of the Construction Program. This work, which is classified as one of the "Construction" or "Capital Outlay" programs, consists of minor construction of immediate necessity, including but not limited to such items as:

- (1) Improve grade or widen roadbed, including shoulder.
- (2) Correct sub-drainage, stabilize base, and import select materials on sections with poor base.
- (3) Improve sight distances.
- (4) Super elevate curves.
- (5) Serrate pavement to increase skid resistance.
- (6) Grind Portland Cement Concrete (PCC) pavement.
- (7) Apply oil treatment and prepare roadway or shoulders for this treatment.
- (8) Extend old or install additional or larger capacity culverts.
- (9) Benching or flattening cut slopes in connection with slide or slip-out correction.
- (10) Improve bridge decks.
- (11) Install guardrail or other safety devices.
- (12) Place riprap, slope paving, etc., for erosion control or bank protection.
- (13) Installation of horizontal drains.

Total Statewide funds for this program, are voted each year by the California Transportation Commission as a lump sum item. This sum is apportioned to the 12 Transportation Districts by the Maintenance Program, on the basis of estimated annual needs. Approval of funding for projects has been delegated to the District Director for projects under \$107,000.

Requests for small projects or minor construction allotments to be performed under day labor and final reports thereon should be submitted in the form prescribed by the Construction Department. The Day Labor Law requires that a final report on work in excess of \$25,000 shall be filed within 60 days with the county clerk in the county where the public work was performed. If the engineer maintains an office in the county where the work was performed the report shall be filed in that office.

**(C) Work for Office of Right-of-Way**

Any maintenance of leased properties or "Excess" or "Future Freeway" properties (inside or outside the fenced right-way) performed by Maintenance forces will be by specific request and expenditure authorization from the Right-of-Way Program. All other maintenance and all monitoring of properties will be charged to normal Maintenance EAs. For additional details regarding monitoring and maintenance of non-operating property, refer to Chapter 13 Roadside Maintenance.

Non-operating right-of-way is property owned by the Department that is not actively used for highway purposes. This land typically is excess land which has not yet been disposed of, land acquired for future highway purposes, or land within the highway right-of-way which can be utilized for other purposes, such as airspace leases.

The Maintenance Program is not normally responsible for the maintenance of non-operating right-of-way except for airspace lease property which is vacant (not rented).

Maintenance will be responsible for the maintenance of airspace property when not rented and such maintenance will consist of all activities necessary to keep appearances acceptable and which protect the structure, which creates the space.

**(D) Final Reports on Contracts and Day Labor Work**

Final reports on all maintenance work and day labor work financed under Minor Improvement Betterment or other Construction funds are to follow the form prescribed by the controlling office.

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## **2.05 Contracts**

### **2.05.1 Processing Contracts**

#### **(A) Roles and Responsibilities**

Figure 2-3 illustrates the roles and responsibilities for each person involved in processing contracts, both major and minor, at either the District level or from Headquarters

CONTRACT ACTIVITY	R SPONSIBLE PARTY
Determine project level and contract type	District Division Chief
Initiate contract (minor); set EA	District Division Chief
Obtain approval for contract (minor)	(delegated to district)
Initiate contract (major); notify Headquarters	District Division Chief
Obtain and set EA	Maintenance Program Accounting Service Center
Advertise, it competitive bid	Maintenance Program ECS
Award contract	Maintenance Program
Certify funds	(delegated to district)

Figure 2-3: Roles and Responsibilities

#### **(B) Monitoring Contracts and Allocations**

All maintenance contracts and contract allocations are monitored for compliance with maintenance policy by Maintenance Program staff. Each contract is reviewed for concurrence with Maintenance Program responsibility, correct charging practices (EAs), and appropriate coding. Maintenance staff maintain a current status of all maintenance contracts. They also coordinate the awarding of major contracts with Office Engineers (ESC).

### **2.05.2 Delegated Maintenance**

The Districts have Delegated Maintenance Agreements with cities and counties. Under these agreements, the Department pays cities and counties to do certain delegated tasks for the Department.

There is a pre-approved, standardized format used for Delegated Maintenance Agreements.



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Explanations for significant deviations from the standard form must accompany the approved agreement,

Requests from the Districts for additional supplemental or specific supplemental agreement capacity must be countersigned by the District Budget Officer as to availability of funds before being forwarded to the Maintenance Program. The Maintenance Program monitors and maintains the Delegated Maintenance Agreements with the State Controller's Office and Headquarters' Central Files. Although the District Director can approve specific Delegated Maintenance work, the District still must write a letter to the Maintenance Program that will be used to notify the State Controller's Office of the new agreement spending capacity.

#### 2.05.3 California Conservation Cork

Caltrans has entered into an Interagency Agreement with the California Conservation Corps (CCC) to accomplish useful and needed public works projects in both urban and rural areas. The total amount of this agreement is not to exceed \$2,000,000 on an annual basis.

#### 2.05.4 Special Programs People

In addition to the annual agreement with the CCC, Caltrans also utilizes inmates and welfare recipients in Highway Maintenance. The inmate/welfare recipient effort includes five kinds of workers. All of them volunteer for the assignment and are screened by the appropriate agency before being allowed to work for Caltrans.

##### (A) Court Referrals

Commonly called "probationers", these are people sentenced by the court to do public service in lieu of serving time in jail. They usually work on weekends. They are expected to arrive at their assigned work place on their own and be ready for work.

##### (B) Work Furlough

These are people who have been sentenced to serve time in jail but have been released from jail on their own recognizance. They live at home and check in with the Sheriff's Department by telephone or through attendance reports kept by Caltrans. They work on weekdays and on weekends. They are responsible for arriving at the work site on their own and being ready for work.

(C) Work Release

These are people who are serving time in jail. They volunteer for public service work and are screened and instructed by the Sheriff's Department before being accepted for public service work. Caltrans typically transports these people from the jail to the work site, but the Sheriff's Department sometimes does this. They work primarily on weekdays.

(D) "Workfare"

These are people who are receiving public assistance. They are required to do public service work to retain their benefits. They report to work on their own. They work primarily on weekdays.

(E) General Relief

These are people on county general relief. They are assigned to public service work in exchange for support. They are to report either to their work site or to a predetermined assembly point for transport by Caltrans. These people generally work during the week.

**2.05.5 Landscaping Maintenance by Private Parties**

As a condition of development, cities or counties sometimes require private developers of parcels adjacent to operating rights-of-way to install and maintain landscaping on State rights-of-way. In these situations, landscape maintenance can continue over extended periods of time, up to 20 or 30 years. Frequently, locked gates are requested to provide direct access to landscaped areas.

Such requests are coordinated as encroachments and must be referred to the District permits office as well as the Headquarters Utilities Encroachment Committee.

**2.06 Use of Day Labor**

"Day Labor" is the construction of a capital improvement project by the use of casual labor or by State forces. Day Labor does not include work of a type normally done as "maintenance".

It is the State's policy to contract for the performance of construction type projects and to do so in full conformance with the State Contract Act. The State Contract Act (Section 10100 et seq of the Public Contract Code) requires that all contracted projects involved in the erection, construction, alteration, repair, or improvement of any state structure, building or road, and costing in excess of \$107,000 performed by formal competitive bid contract. (The contract expenditure limit of \$107,000 is current as of calendar year 1998. This limit is updated bi-annually by Department of Finance).

The State Contract Act also prohibits the use of day labor on capital improvement projects in excess of \$25,000 unless certain criteria are met. (See DD-26, effective 11/4/94). To assure compliance with state law and this policy, day labor projects exceeding \$25,000 require a Director's review by the Maintenance Program and approval by the District Division Chief of Maintenance and Operations.

When certain extenuating circumstances exist, four categories of exceptions to the requirement for formal competitive bid contracts are recognized which will allow work by Day Labor. Three of the four categories of exception involve emergencies of various kinds. The fourth includes situations where the Director finds it in the public interest to do so after approval of Plans, Specifications & Estimates (PS&E). However, in all four of the "exception" categories, a Director's Order and proper funding are required before day labor can be used for capital improvement projects exceeding \$25,000.

For Informal Bid Contracts, the project cost includes all item work, supplemental work, contingencies, and state furnished materials regardless of funding source. The cost for Day Labor work includes labor, equipment, materials, and engineering or architectural services.

#### **2.06.1 Day Labor Procedures: Greater than \$25,000**

- (A) To facilitate review and control, each District shall maintain a file for each fiscal year containing copies of EAs for all day labor projects (exclusive of construction related signing and delineation). The file will be kept up to date with each EA being entered as it is approved.
- (B) The Chief, Office of Roadway Maintenance, is responsible for the field review of a minimum of 25 percent of all day labor projects exceeding \$25,000 each year. This review is done for the purpose of confirming proper work method, extent of work performed, reasonableness of work performed, funds expended and general District conformance to Departmental policy.
- (C) Plans and specifications with an approved EA, adequate to describe the work and serve as an estimate, must be on file in the District office prior to starting work on projects costing more than \$25,000.

- (D) Final reports are required within 60 days following completion of work for all day labor projects, except those occasioned by emergency and those costing less than \$25,000.

The current service center (suspense) system requires separate record keeping for materials and equipment rental expenditures for day labor cost reports. Day labor final reports should include the entire project cost including labor and operating expenses.

#### **2.06.2 Day Labor Procedures Less Than \$25,000**

The cost of day labor includes all labor, material and equipment. Following are the cost thresholds for projects totaling less than \$25,000.

- (A) Authority for approval of the day labor work method and the expenditure authorization for work estimated to cost less than \$25,000 has been delegated to the District Directors. (See Section 2.06 above: State Contract Act). The District Project Control Officer will validate the coding and forward the EA to the Division of Financial Operations and Control.
- (B) After reprocessing by the Accounting Service Center, copies of EAs with questionable day labor work methods will be forwarded to the Maintenance Program for review and recommendation.
- (C) Overruns of original estimates, not exceeding a total project cost of \$25,000, may be approved verbally by the District Director providing that the scope of character of the work is unchanged. Subsequently, this must be confirmed by a revised EA.

### **2.07 Major Damage and Disaster Maintenance**

Major damage and disaster maintenance consists of a program established to function under the Maintenance Management System, Family S, as outlined in Volume 2 of the Maintenance Manual.

The purpose of this program is to provide temporary road opening and related maintenance to keep damaged facilities operational following major damage caused by storms, earthquakes, landslides, tidal waves, spilled loads, and other major disasters.

Use of the Major Damage and Disaster Maintenance Program is limited to those activities by subprograms when the estimated expenditure is in excess of 150 hours at a specific location or more than 450 hours per mile (kilometer) of highway.

## **2.08      Damage Repairs and Cost Records**

As mentioned in Section 2.07, disaster and storm damage repairs require specific cost records to be maintained in order to identify expenditures for temporary road openings.

Records should be maintained by the District to distinguish disaster and storm damage repairs from "normal" damage work.

### **2.08.1      Damage to State Projects**

Repair of damage to State projects (except State owned employee housing) will be charged to the appropriate Maintenance Family/Problem and method using damage report numbers as a special designation when the cost does not exceed \$25,000.

Repair work costing more than \$25,000 will be reported by a specific expenditure authorization.

Requests for expenditure authorizations to repair such damages will include all pertinent information such as the damage claim number, the damaging party (if known), location and extent of damages.

During progress of specific work, a record of costs shall be kept in the manner and form prescribed under current accounting instructions. Completion reports on maintenance work will not be required when financed wholly from maintenance funds. Completion reports will be required when all or any part of the cost is to be recovered, either from responsible party or parties on a damage repair or an agency participating in the cost of the repairs or replacements.

## **2.09      Materials and Supplies**

### **2.09.1      Acquiring Materials and Supplies**

It is the Department of Transportation's policy to maintain inventory control and accountability of all material until such items are put into use. All materials and supplies, except those that must be obtained by Sub-Purchase Order, for immediate use, should be accounted through Stores District Office in accordance with current accounting instructions. Materials and supplies are withdrawn from the Materials Operations inventory using a local request.

They should also be shown on the "E" card portion of Daily Report (HM-83) under the correct family problem at the same time the material is being used.

**2.09.2 Criteria for Ordering Supplies**

Every Program Area, Service Center, and District has established criteria for determining who may order supplies, equipment, furniture and other commodities and who may approve requests within the Program Area or District.

Goods may be ordered by the following methods listed in priority use order:

- (A) LR-EDPs (Local Request-Electronic Data Processing) for supplies from a Caltrans warehouse.
- (B) Supply Orders for supplies from Department of General Services (DGS) Stores.
- (C) Purchase Requests.
- (D) Purchases using an assigned Caltrans Credit Card (CALCARD).

Refer to the "Acquisition of Materiel Manual" for information and instructions for the use of each of the four methods of purchase.

**2.09.3 Product Endorsement Prohibition**

No employee shall endorse commercial products by stating that such items have been adopted by the State, or that certain articles are superior to others, without the approval from the Maintenance Program. The Office of Contracts and Procurement has been delegated the task of investigating all merchandise to be purchased and will represent the Department of Transportation in relations with vendors. All matters pertaining to specifications and procurement of materials will be referred to the Office of Contracts and Procurement.